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JAN 08 1987

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January 6, 1987

WRITER'S DIRECT DIAL NO. (201) 565- 2014

Margaret Thompson, Esq.
Assistant Regional Counsel
UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY - REGION II
26 Federal Plaza
New York, New York 10278

Re: Duane Marine Salvage Site

Dear Ms. Thompson:

The purpose of this letter is to respond to the inquiry which you and Ms. Feldstein made in your telephone call to me of December 29, 1986 concerning the progress or lack of progress on the job since our meeting at the Site. Please permit the following to stand as a statement of the chronology.

As you may know, the Duane Marine Steering Committee had proposed work in a letter and, in an effort to accelerate its ability to respond when the EPA granted approval (or approval with some modification) of the plan, it solicited bids from three reputable contractors while discussions of details proceeded with EPA. The bids were received and negotiations enabled us to insure that a low bidder would accept the responsibility of generator status even though, in its bid, it had declined to do so.

After an exchange of correspondence sharpened our understanding of what USEPA required and whether our proposal met those requirements, I proposed, by letter of October 2, 1986, that representatives of both sides meet at the Site to resolve differences. For a time thereafter, it appeared that the meeting

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might not occur but eventually it occurred on November 6, 1986. At that meeting, the EPA gave its guidance and general approval to that which we had previously proposed. We then called for a contract to be proposed by the successful bidder. It was received by Fred C. Hart Associates on November 18th. Hart transmitted it to me and I mailed it to the Steering Committee on November 20th. I scheduled a conference call for November 26th, the day before Thanksgiving, so that the members of the Steering Committee could give their views on the proposed contract and other matters before the long weekend. By and large, the proposed contract was found to be boiler-plate, more appropriate to a contract between an owner and a clean-up contractor, and the direction to me from the Committee was to propose a redraft. This firm addressed that matter starting immediately on the 26th and mailed the resulting draft to counsel for First Fidelity, the trustee which was holding our money, and would, in the nature of our agreement with it be the party signatory to the clean-up contract, on December 5, 1986. Allowing a couple of days for comment by the Bank, we mailed a copy of the agreement to ENRAC on December 8, 1986. Follow-up calls to our contractor, ENRAC, were made on December 15th, December 17th (at which time we were told the Legal Department would call back), December 23rd, and, finally, December 29th. During the call of December 29th, prompted by your call of that date, John Goldsmith of this office discussed the matter with a member of the legal staff at ENRAC. I was present with John during the discussion. The representative of ENRAC seemed to be at a disadvantage as he was not aware of the technical details of the prior request for proposal, the bid, the extent of material sampling, and similar matters. I was my impression at least that the technical information would not be available to him until the end of the holidays, namely January 5, 1987. On January 5 John and I again had a long drafting telephone call with ENRAC.

Since our meeting of November 6, 1986, we on behalf of the Steering Committee have been diligently pursuing the prompt start up of the final surface clean-up in this matter. Such delays as there have been have primarily been attributable to a contractor over whom we have no present control since the contract has not yet been entered into. We may yet encounter problems with the Bank which is very uneasy with dealing in areas so fraught with such draconian remedies as exist in environmental law which remedies are foreign to the exposures to which bank's normally subject themselves notwithstanding indemnities from many of the nation's largest corporations.

We hope to have this matter buttoned up promptly. However, now, as in the past two months, the source of the

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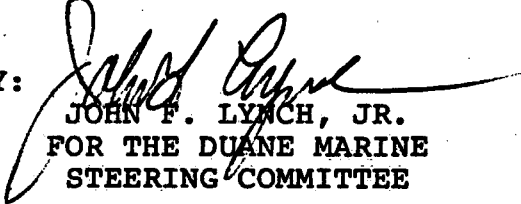
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difficulties may be with persons over whom we have no effective control. Similarly, the interest in a prompt resolution of this matter speaks against walking away from the present contract and seeking to reinstitute interest from those others who bid this job many months ago.

Very truly yours,

CARPENTER, BENNETT & MORRISSEY

BY:


JOHN F. LYNCH, JR.
FOR THE DUANE MARINE
STEERING COMMITTEE

JFL/dms

cc: Ms. Janet Felstein
Duane Marine Steering Committee